

ICPS newsletter[®]

Policy analysis: Doing while learning

As their transition work continues, the governments of CEE and NIS countries need to support their decisions with good policy analysis. The best analysis can come from independent advisors, but governments are often reluctant to take outside advice. Moreover, there is limited policy analysis targeting this region.

Policy-makers must appreciate that they need this analysis—and they must also be able to find it. The latest Russian issue of Local Governance Brief looks at the challenges involved in making sure that the region has quality policy analysis that will actually be used

International donors have encouraged an increase in independent organizations that can handle policy analysis, but governments in this region seem less keen to use their advice. In general, policy development remains the responsibility of a narrow group of high-ranking civil servants, so that think-tanks and independent policy analysts are only marginally involved in the process. The problem is not only that governments are reluctant to call in outside help—they also often lack the capacity to absorb this help.

Yet, as they grapple with transition, the governments of the region need assistance now more than ever, for a number of reasons:

- The role of government ministries has changed dramatically, so that fewer ministries must do more work, and that work involves regulation, rather than direct control.
- Decentralization means elected officials have to become more involved in service delivery. It also means that local governments have to do more toward managing their own complex finances.
- In a growing democratic environment, policy-making cannot take place without consensus-building, so that political considerations become more important.
- The media has gone from being the government's mouthpiece, simply disseminating official information on new policies, to being a government watchdog, criticizing policies and the policy-making process.
- Involvement in new international organizations means that governments must comply with the complex new regulations of international

organizations like the European Union, the World Bank, and so on.

With all these new challenges, governments of the region have to alter their attitude toward outside assistance, and they need to increase their ability to absorb this advice.

Zoltan Szente: Governments need outside assistance

Faced with the overwhelming task of transition to free-market democracies, the governments of Central and Eastern Europe (CEE) and the Newly Independent States (NIS) often find themselves short of expertise.

External advisors can bring in the knowledge that is necessary, but consultants must be used wisely, for their input to have a positive impact on government. Civil servants who are afraid of appearing less competent may reject the work of an outside consultant. Conversely, relying too heavily on a consultant can also be a mistake. And when choosing consultants, it is important for officials to avoid someone who may have their own agenda, or someone who might raise suspicions of favoritism.

It is possible to distinguish several types of outside sources:

- party organizations;
- interest groups (trade unions, consumer associations, and so on);
- think-tanks;
- private consultancy and management firms;
- public consultations.

While it is extremely difficult to assess the degree and frequency of the application of

these various forms of policy advice in central government policy-making, it seems that one of the most commonly used techniques is what we could call a "mixed" model, where different forms of external expertise are combined in a uniform procedure.

By helping keep government more objective and open to outside influence, consultants can actually help improve government transparency. Meanwhile, they can assist officials in handling new, unfamiliar ways of working. Clearly, proper use of outside policy experts is an effective practice that the governments of the region can be expected to rely upon more frequently, as they seek to improve their capacity to meet the public's growing needs.

B. Guy Peters: Policy analysis by political parties

For CEE and NIS countries, political parties may be the most natural locus for developing policy advice centers. If national parties can offer competing policy analysis, they might increase the overall supply of information necessary for good democracy.

When political parties decide to get involved in the work of policy analysis, they have several alternative models for organizing their information and analysis structures. Each of these models has benefits and costs, so the choice of model depends on the situation in which the party functions, and the type of advice that it wants to be able to deliver.

One model for research and advice structures is the party foundation, a pattern most clearly developed in Germany. The major political parties there each have a foundation that not only provides basic research in social and political affairs but also develops more timely advice for the members of the party involved in the policy process. While these foundations are obviously partisan, most have been able to develop a reputation for some objectivity, though that has required some time. Given their independent reputation, these foundations can have an influence on public policy choices that exceeds that of a mere party organ.

The numerous think-tanks in the United States constitute a variant on the notion of the party foundations. Although American think-tanks are nominally independent and non-partisan—and some actually are—, many are known to have partisan connections and make no effort to hide it.

Another model for organizing policy advice activities for political parties is to create the capacity to analyze policy within the party itself. This function can be performed by a party's headquarters, or through the party's members in the legislature. In this model, the party as an organization provides its members with advice and information needed for their roles in government. Clearly, the policy advice in this situation will be politicized. Such a policy analysis center will depend very much on the party, for funding and for a stable and effective organizational apparatus. This model of policy advice has been criticized, because policy advisors who work for a party are very unlikely to "speak truth to power" or offer alternatives to party dogma.

One more option for developing more democratic forms of policy advice for political parties involved in government is to use surrogates. For instance, labor unions can provide some of the needed policy analysis capacity for labor and social democratic parties, environmental groups can advise ecological parties, and business groups can advise more libertarian parties.

Vira Naniivska: FSU governments need institutional change

Every year, billions of donor dollars are invested in hiring policy consultants in the countries of the former Soviet Union (FSU), and yet it seems that the recommendations of these consultants go unheeded. The problem appears to be a mismatch between the type of advice offered and the needs of FSU governments. To change this system requires changes in institutions, not just the leadership. Even if a government accepts public opinion and a vociferous opposition in its legislature, civil servants can foil reform. If bureaucrats have not been taught about policy analysis, public consultations or public debate, the system cannot possibly "buy into" the concepts of transparency and accountability.

In this situation, the process of preparing policy is always carried out behind closed doors. What is brought out for public scrutiny is essentially a *fait accompli*, a decision that was already agreed upon

inside the corridors of power. Public consultations are understood as huge assemblies that are not too different from the old communist congresses: their purpose is simply to rubber-stamp ready-made resolutions. The top-down, command-driven soviet process of decision-making can paste itself over with "public hearings," "community councils" and all kinds of other structures. But none of this will have any impact on policy-making if the basic workings of the system do not change. As "outsiders" who are not under the complete control of the "customer," independent organizations are not welcome in the decision-making process, and any consultants that donors pay for are likely to be ignored.

Donors appear to believe that politicians with a democratic outlook will ensure democratic governance. Those interested in building democracy in Ukraine have sought to place "democrats" in top government posts. When these leaders don't live up to expectations, equally active efforts go into removing them and replacing them with new "democrats." Throughout this process, the bureaucratic machine has not changed one iota. The bureaucracy simply fits reformist plans into its pre-existing mould. Ideas for reform are converted into business-as-usual, simply because the bureaucrats don't know any other approach. As a result, despite the flood of outside recommendations, officials ignore the advice offered.

In an effort to avoid this problem, International Centre for Policy Studies (ICPS) designed projects that were intended to overcome the gap that separates donors from Ukraine's government—and the gap between the government and Ukrainian society. As a start, ICPS analyzed existing technical assistance programs. This analysis helped to clarify three key points: the accent has to be on institutional change; institutional change has to be introduced with the active participation of local officials, specialists and NGOs; and, beyond, institutional change has to be underpinned by a network of regional NGOs. With this knowledge, ICPS developed a slew of projects with the government, using the support of OSI, the Canadian International Development Agency and a major World Bank project involving local governments and voters. ICPS sought to introduce a new paradigm of technical assistance projects in Ukraine.

The lessons learned through these projects, and other work in which ICPS was involved, can be of use to any donor seeking to effect change in governance and policy-making in FSU countries. Here are some of our basic recommendations to donors:

- Stop providing ready-made policy advice to governments. Stop hoping in vain that it will ever be implemented.
- Stop supporting seminars, conferences, and studies on the role of civil society. NGOs should have a meaningful role in government that goes beyond merely prolonging their own existence.
- Support the development of public policy capacity in governments and independent think-tanks. This means fostering a transparent, informed decision-making process; building professional policy analysis skills among civil servants; instituting meaningful public consultation procedures; and providing for regular publication of policy papers on key issues.
- Link advocacy directly to real policy issues.
- Support proper policy campaigns run by both governments and independent agents. ■

The latest issue of Local Governance Brief looks at the state of policy advice in the CEE and NIS, ways in which governments currently use this advice, and ways in which they can make better use of this advice in the future. The issue features an interview with Lajos Bokros, the former finance minister of Hungary. Then there are features with case studies, giving an overview of the growing need for policy advice in the region, looking at how political parties can do much of the work of policy analysis, analyzing the changing role of the media, and describing changes in the policy advice market in the region.

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